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Feed sector needs yellow corn imports

Report Categories:

Grain and Feed

Approved By:

Randall Hager

Prepared By:

Clara Nuñez

Report Highlights:

Larger imports of yellow corn are expected to occur in order to meet animal feed manufacturer's needs, as weather has not been favorable for the domestic crop now being harvested.

General Information:

The animal feed sector is on alert for the fall of the domestic grain harvest

Despite the growth experienced in recent years by the animal feed sector, millers are waiting to know how large this year's yellow corn and sorghum harvest will be in order to prepare import programs for the next year.

The Executive President of the Venezuelan Animal Feed Manufacturers Association (AFACA) estimates that total production of animal feed will be about 4.6 million tons in 2009, compared to last year's 4.5 million tons.

According to AFACA, feed composition is 50 percent yellow corn and sorghum, 25 percent soybean meal, and the remainder yellow grease. In previous years, AFACA bought 1.2 mmt and 400 tmt of domestic yellow corn and sorghum, respectively, but with lower expected domestic grain production (which some estimate 50 percent lower due to climatic factors), manufacturers say that more raw material imports are likely for 2010.

Even though the climate has hurt the domestic agricultural sector, the feed manufacturers remain optimistic for the next year. They have pointed out that animal feed manufacturing is tied to the growing poultry domestic sector (70 percent of manufactured feed goes to broiler production and laying hens, followed by the pork sector, with the remainder going to bovine nutrition and other species). Poultry meat consumption has been increasing, as it is relatively more affordable source of protein.

Grain Imports needs

Due to low domestic soybean production, about 1.0 mmt tons of soybean meal is imported each year to elaborate animal feed. As a priority sector, Cadivi (the foreign exchange authority) gives preferential exchange treatment to feed manufacturers, though authorizations sometimes lag, taking up to 45 days to complete.

While corn and sorghum harvests have declined this year, domestic soybeans production has not yet taken off. According to Fedeagro although the country has a potential of over 1,000,000 hectares for soybean production, area planted is stalled below 20,000 hectares.